



JOHN A. PÉREZ
SPEAKER OF THE ASSEMBLY

April 6, 2010

Mr. Steve Spears
Acting Executive Director
California Housing Finance Agency
1415 L Street, Ste. 500
Sacramento, CA 95814

Re: H4M Program of the U.S. Treasury

Dear Mr. Spears:

With the clock ticking on the deadline for the state's proposal for utilizing \$700 million in federal funds through the Hardest Hit Housing Market (H4M) program recently announced by the U.S. Treasurer's Office, we are writing to provide input into the proposal and the direction of the funding the state receives.

As you know, the H4M program presents California with an opportunity to help homeowners who are at risk of foreclosure, are underwater in their mortgages, and/or are unemployed. Recognizing the short time period the California Housing Finance Agency has to develop this program, we commend the Agency for your efforts to solicit input from stakeholders who work with at-risk homeowners.

Recognizing the short time period the California Housing Finance Agency (Agency) has to develop this program, we commend you for your efforts to solicit suggestions from stakeholders who work with at-risk homeowners. Assemblymembers Torres, Galgiani and Block – representing the hard-hit areas of the Inland Empire, Central Valley and San Diego region, respectively -- held meetings in their districts last week with your office to garner input from stakeholders on the best use of the funds. Based on feedback from the legislative meetings, we recommend that you consider the following approaches in the program proposal the Agency must submit to the U.S. Treasury by April 16:

- ◆ Develop strategies with your banking partners to leverage the \$700 million available to the state to ensure that the funds are used to the maximum advantage. Encourage lenders to participate as equal partners in the program so that the private sector investment complements the government investment;

Steve Spears
April 6, 2010
Page two

- ◆ Offer homeowners comprehensive information and tools to evaluate foreclosure alternatives including short sales;
- ◆ Devise strategies to help ensure that homeowners assisted through the program can maintain their mortgages for the long-term;
- ◆ Build upon your existing program with Genworth to provide unemployment insurance to homeowners who may be temporarily out of work and therefore unable to pay their mortgage;
- ◆ Consider the establishment of partnerships with programs that provide counseling or mediation services to homeowners at risk of foreclosure.

As the Assembly continues our efforts to help California recover from the recession and the foreclosure crisis, we look forward to working with you to ensure that the proposal and programs developed by your Agency will be successful in helping California homeowners – and the neighborhoods and communities that suffer from foreclosures as well.

Sincerely,



JOHN A. PÉREZ

Speaker of the California State Assembly



NORMA J. TORRES

Chair, Assembly Housing & Community Development Committee



MIKE ENG

Chair, Assembly Banking and Finance Committee